

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 432 – SB 364

February 2, 2021

SUMMARY OF BILL: Alters the boundary between Davidson and Wilson Counties in such manner as to detach certain parcels of real property currently located in Davidson County and to attach such parcels to Wilson County, effective January 1, 2022.

ESTIMATED FISCAL IMPACT:

Decrease Local Revenue - Net Impact - \$2,700/FY22-23 and Subsequent Years

Assumptions:

- Altering such boundaries will result in a decrease in property tax revenue collected by Davidson County, while increasing property tax revenue collected by Wilson County.
- According to the Comptroller of the Treasury (COT), the proposed language impacts two parcels whose appraised value in Davidson County is \$756,800. These are residential parcels and therefore, have a classification rate of 25 percent. As the current tax rate is \$3.788 per \$100 of value (or 0.03788) within Davidson County, the recurring decrease in property tax revenue is estimated to be \$7,167 $[(\$756,800 \times 25.0\%) \times 0.03788]$.
- According to the COT, Davidson and Wilson Counties have different appraisal ratios. Davidson county uses an appraisal ratio of 0.8477 to market value and Wilson county uses an appraisal ratio of 0.7912. While the applicable parcels have an appraised value of \$756,800 in Davidson County, within Wilson County, such properties would be appraised at a value of \$706,359 $[(\$756,800/0.8477) \times 0.7912]$.
- The Wilson County property tax rate is \$2.5189 per \$100 of value (or 0.025189). As a result, the recurring increase in property tax revenue to Wilson County will be \$4,448 $[(\$706,359 \times 25.0\%) \times 0.025189]$.
- The proposed language is effective January 1, 2022. The applicable property tax notices will be sent to property owners in late 2022, with property taxes due the following February; therefore, the first fiscal year of impact will be FY22-23.
- The net recurring decrease in local revenue is estimated to be \$2,719 (\$7,167 decrease to Davidson - \$4,448 increase to Wilson), beginning in FY22-23.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

/lm